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September 27, 2012

Via Hand Delivery

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: ***Investigation of Certain 2012 Annual Access Tariffs*, WC Docket No. 12-233, WCB/Pricing No. 12-09; *Direct Case of The Pioneer Telephone Association, Inc. d/b/a Pioneer Communications* FRN: 0002334795**

Dear Ms. Dortch:

Enclosed for filing in the above-referenced dockets is the Direct Case of The Pioneer Telephone Association, Inc. d/b/a Pioneer Communications ("Pioneer"), which responds to the Wireline Competition Bureau's investigation[1] of certain Local Exchange Carriers' Access Recovery Charge (ARC) rates contained in 2012 Annual Access Tariff Filings. Pioneer's Direct Case addresses each specific issue regarding its ARC rates which were designated for investigation.

Additionally, Pioneer's Direct Case contains information regarding revised tariff filings Pioneer will be making to correct certain discrepancies contained in its original filings.

As detailed in the enclosed Request for Confidential Treatment, Pioneer requests that the Commission treat as confidential parts of its Direct Case that contain confidential and proprietary information. Accordingly, Pioneer submits two versions of its Direct Case and supporting materials: (1) a non-redacted version that contains confidential and proprietary information; and (2) a redacted version for public inspection.

[1] *Investigation of Certain 2012 Annual Access Tariffs*, WC Docket No. 12-233, WCB/Pricing No. 12-09, DA 12-1430 (Aug. 31, 2012).

Pioneer requests that the Commission treat the non-redacted version and the accompanying documents confidentially.

Please contact the undersigned with any questions.

Sincerely,

Kenneth C. Johnson
Counsel for The Pioneer Telephone Association, Inc.
d/b/a Pioneer Communications

Enclosures

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Investigation of Certain 2012 Annual Access Tariffs	))	WC Docket No. 12-233 WCB/Pricing No. 12-09

Direct Case of The Pioneer Telephone Association, Inc. d/b/a Pioneer Communications

The Pioneer Telephone Association, Inc. d/b/a Pioneer Communications ("Pioneer") filed its Tariff and Access Recovery Charge ("ARC") in Transmittal No. 4 on June 18, 2012. On June 28, 2012, Pioneer filed revisions and additional information in support of the development of its ARC rates.[1] On August 31, 2012, the Wireline Competition Bureau ("Bureau") released an Order[2] designating issues for investigation of Local Exchange Carrier ("LEC") ARC rates contained in the 2012 Annual Access Tariff Filings. Pioneer was listed in Appendix A of the Order as a LEC subject to this investigation. The purpose of this investigation is to:

1. Determine the reasonableness of base period revenue.
2. Assess whether intrastate rate reductions were calculated correctly.
3. Evaluate whether projected interstate and intrastate demand was estimated reasonably.
4. Determine reasonableness of ARC rates.

Consistent with this filing, Pioneer will be revising its intrastate transitional access demand data provided in its Tariff Review Plan (TRP) forms. Pioneer is filing a revised TRP with this Direct Case. Additionally, Pioneer is submitting certifications for the revised TRP

[1] *See* FRN: 0002334795 – Revised Tariff Review Plan Pioneer Communications, June 28, 2012.
[2] 2012 Annual Access Tariff Filings, WC Docket No. 12-233, Order Designating Issues For Investigation, DA 12-1430 ("Order").

data. The modifications were necessary to include the terminating access demand for two interexchange carriers. This demand is billed through a separate billing system and was excluded from the demand amounts provided with Pioneer's previous TRP submission. The inclusion of this demand does not impact the ARC rates included in Pioneer's filed Interstate Access Tariff. It will only affect funding that Pioneer will receive from the Connect America Fund ("CAF"). Pioneer's annual required CAF revenue amount will increase by approximately [redacted]. Pioneer, concurrent with this Direct Case submission will file revised TRP forms and certifications with the Universal Service Administrative Company ("USAC"). As indicated in the Order, Pioneer will file the revised TRP forms with USAC within 30 days of the Order terminating this investigation.[3]

In this filing Pioneer submits its Direct Case in response to the issues designated for investigation.

A. Procedures Used To Determine Fiscal Year 2011 Revenues That Were Received by March 31, 2012

The Order in Paragraph 9 directs LECS to fully explain the procedures used to determine Fiscal Year 2011 revenues that were received by March 31, 2012.

To develop the base period amount for Transitional Intrastate Access Service, Pioneer compiled carrier access billing amounts for intrastate terminating switched access charges for the fiscal year, October 1, 2010 through September 30, 2011. Pioneer compiled the fiscal year revenue by month since Pioneer's access rates changed during the fiscal year. The terminating minutes for each month were compiled and multiplied by the respective rates to calculate the terminating revenue for each rate element. Direct trunked transport and non-recurring revenues, which are included in Pioneer's Interstate Access Services Tariff, for the fiscal year were also

[3] Order, para. 34

determined and included in the base period amount. These elements were summed to develop the total Transitional Intrastate Access Service Revenue. The amounts by rate element are shown on the TRP- 2012 ROR ILEC Intrastate Rates worksheet, Column L. The resulting revenue amount was verified by applying the same procedure for originating minutes and then combining that result with the terminating revenue. The combined revenue was compared with booked amounts for each month to ensure the reasonableness of the revenue for the fiscal year.

The revenue for this period represented the total revenue collected; *i.e.* Pioneer had no unpaid revenues on March 31, 2012 for the billing applicable to the fiscal year. Pioneer accumulated reciprocal compensation revenue billed and received from carriers for the fiscal year. Again, the revenue for this period represents the total revenue collected for the fiscal year.

B. Pioneer's Calculation of Its Intrastate Rates Effective July 3, 2012 Is Reasonable

The Order in Paragraph 14 directs LECS to provide support that the intrastate rate reductions effective on July 3, 2012 are reasonable.

The TRP provides sufficient evidence that Pioneer's intrastate rates were calculated correctly. The rate changes were determined for each specific rate element rather than on a composite intrastate basis. The TRP- 2012 ROR ILEC intrastate rates worksheet, Columns F through H shows the rates and demand by specific rate element. Non-recurring demand for the fiscal year was included. This is indicated on the TRP as "Trunk Activation per Order." Pioneer's intrastate rate structure was in parity with interstate rate structure prior to July 1, 2012. Thus, no restructuring or mapping of rate elements was necessary.

The information provided on the TRP demonstrates that Pioneer calculated the intrastate rates correctly. As shown in Column K, fifty percent of the revenue reduction caused by the application of interstate rates is [redacted]. Column N shows that when the proposed July 3, 2012 rates, as filed in Pioneer's intrastate access tariff, are applied to fiscal year demand, the resulting revenue produced is fifty percent less than the amount produced by the intrastate rates as of December 29, 2011. The rate information provided on the TRP, also shows that Pioneer did not modify intrastate rates that already reflected the Interstate levels.

C. Projections of Interstate and Intrastate Switched Access Demand are Reasonable

Paragraph 19 of the Order requires LECs to provide their Local Switching Support ("LSS") and provide the annual percentage rate of demand change reflected in cell F10 on the 2012 ROR ILEC interstate rates worksheet. The Order requires that LECs must justify significant reductions in demand.

Pioneer's LSS amount included in cell F7 on the 2012 ROR ILEC interstate rates worksheet is [redacted]. This represents the amount of LSS included in the historical revenue requirement underlying Pioneer's filed interstate rates that were effective July 1, 2011.

To estimate demand for intrastate switched access for the tariff year, Pioneer used 13 percent as the approximate annual reduction in demand. This figure was based on an evaluation of historical demand loss for Pioneer. This falls below the threshold percentage of 15 percent specified by the FCC in Paragraph 20 of the Order and, pursuant to terms stated in the Order, does not require additional justification or explanation. To develop interstate switched access demand for the test year, Pioneer annualized September through December 2011 demand. No further adjustments were made to these estimates. It should be noted that Pioneer did not assess any non-recurring charges for interstate circuits during the time period used to calculate the test year period. Historically, direct trunked facilities are installed and removed very infrequently. Given these factors, no interstate non-recurring charges were used for calculations in the TRP.

D. Pioneer's ARC Rates Are Reasonable

Paragraph 29 of the Order directs LECS not participating in the NECA traffic-sensitive pool to submit a table showing filed ARC rates and ARC rates supported by a Direct Case. The

Order also requires LECs to address potential refund procedures in the event the ARC rate supported in the direct case is lower than that originally filed.

The table below shows the ARC rates originally filed by Pioneer and those supported in this Direct Case. As noted above, there is no change in the ARC rates and those indicated in Pioneer's Tariff comport to the FCC Rules as demonstrated in the TRP forms provided. Since the rates have not changed, there is no need for Pioneer to address refund procedures.

Table – ARC Rate Comparison

Description	Original Filed Rate	Rate Filed in TRP With Direct Case
Residence/Single Line Business ARC Rate	$0.50	$0.50
Multi-Line Business ARC Rate	$1.00	$1.00

Respectfully submitted,

By: ______________________

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September 27, 2012

EXHIBIT 1

Pioneer Communications

Rate Ceiling - CAF

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EXHIBIT 2

Pioneer Communications

Rate of Return - ILEC-ICC Data

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EXHIBIT 3

Pioneer Communications

Tariff-Rate Comparison - CAF